

January 1, 2020

Members of the Joint Legislative Commission on Governmental Operations

A self-supporting  
public agency

Honorable Members:

Scott Farmer  
Executive Director

This CY2019 production activities report is being filed by the North Carolina Housing Finance Agency (the Agency), per N.C.G.S. § 122A-16. The Agency uses federal, state, and private funds to create affordable housing opportunities for North Carolinians whose needs are not met by the market.

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Raleigh, NC  
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The Agency financed \$2 billion in real estate activity during CY2019. This activity grows the economy, supporting an estimated 13,700 jobs statewide, generating \$40.4 million in state and local tax revenues, and sending a half-billion dollars of wages rippling through the economy.

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Raleigh, NC  
27609-7509

The Agency's track record of generating economic growth through real estate activity has aided the state's recovery from back-to-back natural disasters. We deployed \$10 million from the Disaster Recovery Act of 2018 to finance the construction of new, affordable rental housing for working families in disaster declared counties. This investment will build 790 new apartment homes in eleven communities and leverage \$112 million of private and other public funds.

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The work at the Agency has also provided affordable housing opportunities to families and persons with disabilities. This year over 5,900 North Carolina families purchased homes valued at almost \$700 million. The Agency also financed the repair of over 1,200 homes for low-income seniors, veterans, and people with disabilities, preventing displacement and costly institutionalization.

Our staff continues to emphasize efficiency with our resources to maximize the benefit to the state. In 2019 we kept our operating expenses below 2 percent of our real estate finance activity. As always, all of our state appropriations go to housing activities.

Attached is a report that further details the Agency's housing activity, and the following:

- Exhibit 1 is the CY2019 organization chart of the Agency's 128 filled positions.
- Exhibit 2 is an overview of programs. The Agency's programs have differing eligibility standards based on federal and state law. Most of the programs target households whose incomes are below 80% of the state median income, and several target households below 50%.

We are proud to be a self-supporting and dynamic part of North Carolina's real estate industry. We appreciate your support.

Sincerely,

A blue ink signature of Scott Farmer, written in a cursive style.

Scott Farmer  
Executive Director

# Report of the North Carolina Housing Finance Agency

## January 1, 2019 – December 31, 2019

The North Carolina Housing Finance Agency is a self-supporting organization. The Agency provides financing for affordable housing by selling tax-exempt bonds, using the securitized mortgage market to provide lower interest rates and down payment assistance, issuing federal housing credits, operating the federal HOME Program as well as the national and state Housing Trust Funds, and administering federal Section 8 Rental Assistance funds. In its history, approximately \$20.0 billion has been invested for affordable homes and apartments to assist 293,320 households. Net interest margins on bonds and fees earned by operating federal programs pay the Agency's expenses. All of North Carolina Housing Trust Fund appropriations are invested directly in housing.

The Agency also administers the N.C. Foreclosure Prevention Fund, financed by the U.S. Department of the Treasury. From October 2010 through the end of CY2019, the Fund has provided loans to help 29,680 homeowners who are unemployed or have other temporary financial hardships avoid foreclosure while they seek or retrain for new jobs.<sup>1</sup> Since July 2011, the Agency has also managed the State Home Foreclosure Prevention Project, created by the General Assembly and funded with fees from mortgage loan servicers. This effort pays for foreclosure prevention counseling for homeowners facing foreclosure.

### CY2019 Economic Impact

Economic Investment	Total Impact
Jobs	13,700
State Tax Revenues	\$33.6 million
Local Tax Revenues	6.8 million

### CY2019 Activity

#### I. Investment: All Programs

Activity	Total Funding
Homeownership	\$ 741,713,610
Rental Housing	367,793,427
Supportive Housing	4,050,000
Homeowner Rehabilitation	12,140,969
Urgent Repair	5,943,880
Foreclosure Prevention Loans	41,585,860
Foreclosure Prevention Counseling	402,000
Rental Assistance	165,945,635

#### Highlighted Programs<sup>1</sup>

#### II. North Carolina Housing Trust Fund

Activity	Total Units	Total Funding
Rental Housing	154	\$ 1,975,000
Supportive Housing	300	4,050,000
Urgent Repair	700	5,943,880
Single Family Rehab Disaster	90	3,949,882

**III. State HOME Match**

<b>Activity</b>	<b>Total Households</b>	<b>Total Funding</b>
Rental Housing	262	\$ 3,150,000

**IV. Workforce Housing Loan Program**

<b>Activity</b>	<b>Total Units</b>	<b>Funding</b>
Rental Housing	2,080	\$21,193,249

**V. N.C. Foreclosure Prevention Fund**

<b>Activity</b>	<b>Total Loans</b>	<b>Funding</b>
Foreclosure Prevention Loans	1,650	41,585,860

**VI. State Home Foreclosure Prevention Project**

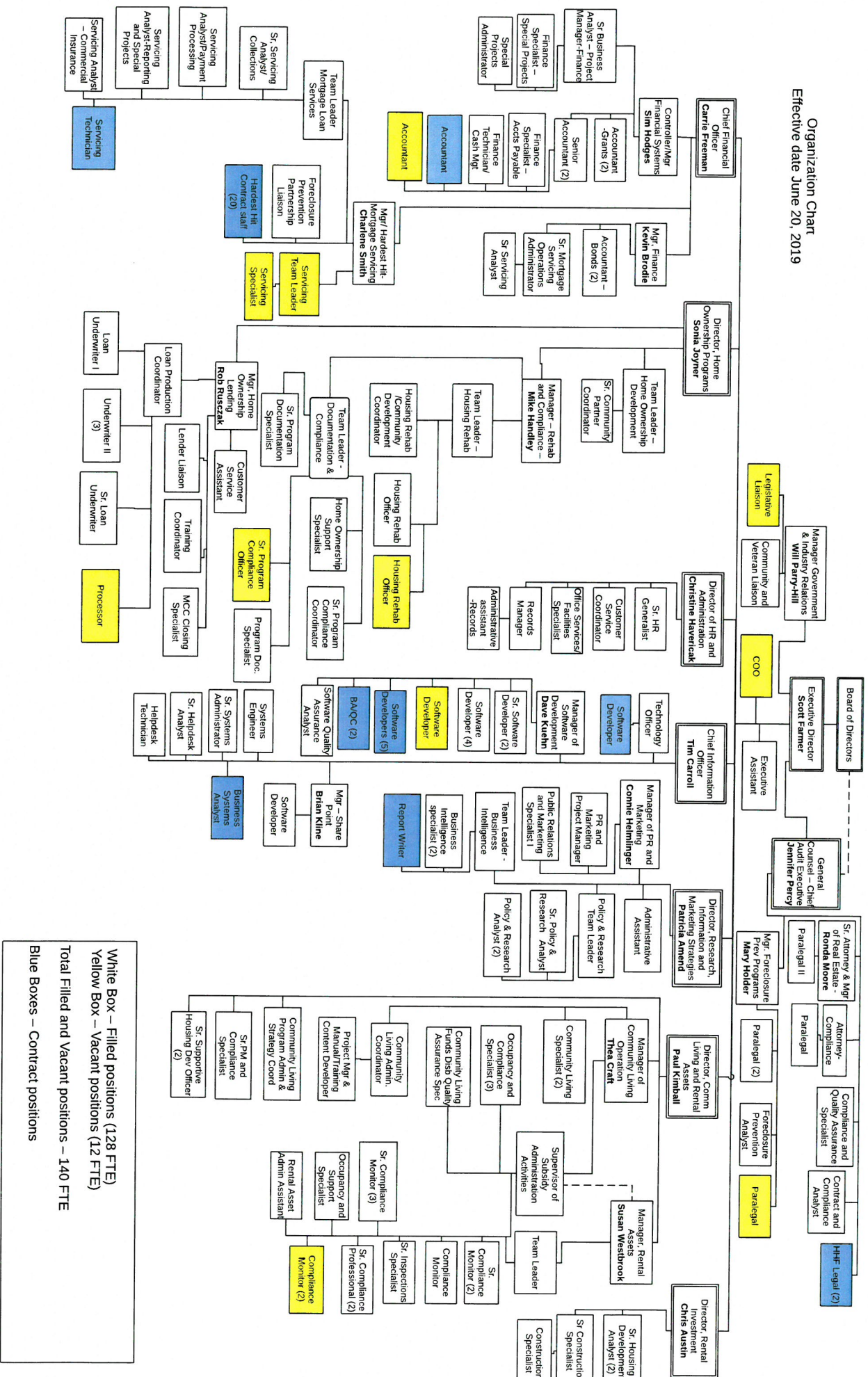
<b>Activity</b>	<b>Total Households</b>	<b>Total Funding</b>
Foreclosure Prevention Counseling	3,220	\$ 402,000

<sup>1</sup> The Housing Trust Fund, HOME Match, State Home Foreclosure Prevention Project, Workforce Housing Loan Program, and N.C. Foreclosure Prevention Fund data are all also included in Table I.

## **EXHIBIT 1: CY2019 Organizational Chart**



Effective date June 20, 2019



**EXHIBIT 2: Program Overview**



# AFFORDABLE HOUSING IS OUR BUSINESS

A self-supporting public agency, the North Carolina Housing Finance Agency leverages state and federal resources with private funds to finance \$2 billion in real estate activity annually—meeting critical housing needs and putting North Carolinians to work in communities statewide.

The Agency is a nationally recognized leader in creating affordable housing opportunities for families, workers, seniors, veterans and people with disabilities. By employing public-private partnerships, we maximize state and federal resources with capital, ideas and know-how from hundreds of partners each year.

The Agency provides financing through the sale of tax-exempt bonds and mortgage-backed securities and using federal tax credit programs, the federal HOME Program, the state Housing Trust Fund and other federal and state programs.

**Using these resources and its own earnings, the Agency:**



Offers low-cost mortgages, down payment assistance and Mortgage Credit Certificates for qualified buyers.



Finances affordable homes and apartments developed by local governments, nonprofits and private developers.



Finances the development of supportive housing.



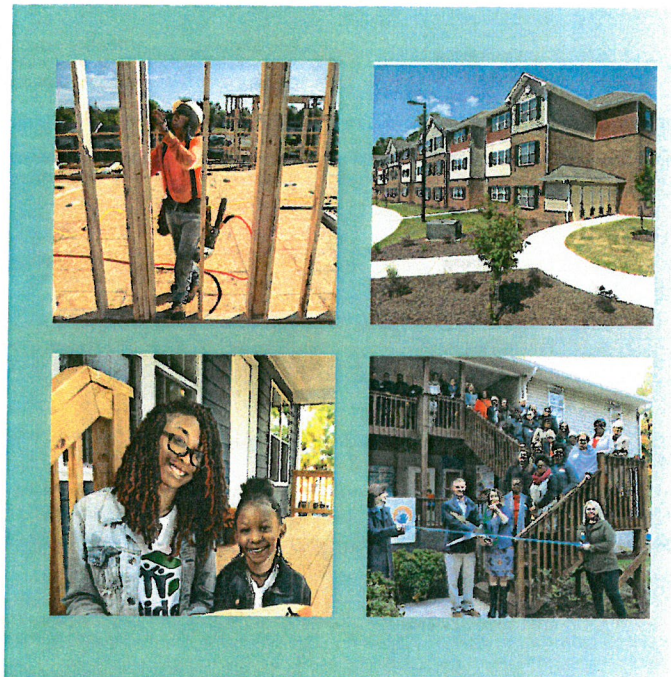
Finances the rehabilitation of substandard owner-occupied homes to prevent displacement.



Provides foreclosure prevention services in partnership with housing counseling agencies.



Administers rent assistance contracts (including Section 8, the Transitions to Community Living Voucher and Key Rental Assistance) for 31,500 privately owned apartments.

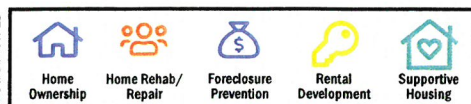




# NORTH CAROLINA HOUSING FINANCE AGENCY INVESTMENTS

PROGRAM	TYPE	AUDIENCE	GOAL	ELIGIBLE BENEFICIARIES	FINANCIAL ASSISTANCE*
Self-Help Loan Pool		Self-Help Housing Nonprofits (usually Habitat for Humanity affiliates)	Provides affordable mortgages.	Home buyers earning up to 80% of area median income purchasing a home from loan pool members.	Up to \$35,000 combined with SHLP nonprofit member financing to provide a single, interest-free amortizing loan with a 20–33-year term.
Community Partners Loan Pool		Local Governments and Nonprofits	Provides down payment assistance.	Home buyers earning up to 80% of area median income with sufficient credit purchasing a home through a loan pool member.	Interest-free, deferred second mortgages up to 20% of purchase price when combined with a NC Home Advantage Mortgage™ or up to 10% when combined with a USDA Section 502 loan with term matching first mortgage not to exceed \$30,000. Can be used with other loans.
NC Home Advantage Mortgage™		Home Buyers	Provides affordable mortgage options and forgivable down payment assistance.	First-time and move-up home buyers, including veterans, earning up to \$89,500 with a credit score of at least 640 and a conventional, FHA, USDA or VA eligible first mortgage.	30-year fixed-rate mortgages provided through participating lenders statewide, deferred, forgivable second mortgages of 3% or 5% of first mortgage amount with 15-year term.
NC 1st Home Advantage Down Payment		Home Buyers	Provides down payment assistance.	First-time home buyers and veterans (sales price and income limits apply) using the NC Home Advantage Mortgage™.	Deferred second mortgages of \$8,000 with a term of up to 15 years.
NC Home Advantage Tax Credit		Home Buyers	Provides Mortgage Credit Certificates (MCCs) to increase mortgage affordability.	First-time home buyers and veterans (sales price and income limits apply); must be approved for MCC prior to closing.	Federal tax credit (can be combined with the NC Home Advantage Mortgage™) that reduces federal tax liability of the annual mortgage interest paid (cannot exceed \$2,000 per year) by up to 30% for existing homes or up to 50% for new construction.
Essential Single-Family Rehabilitation Loan Pool		Local Governments, Nonprofits and Regional Councils	Provides essential and critical home rehabilitation.	Homeowners earning up to 80% of area median income who are elderly, disabled and/or qualified veterans or live in homes with children under 6 frequently present in a home with lead hazards.	Assistance offered through local government or nonprofit partners. Provides interest-free, deferred loans to eligible recipients; partners receive at least \$190,000 each and may use up to \$30,000 per unit for construction.
Essential Single-Family Rehabilitation Loan Pool—Disaster Recovery		Local Governments Nonprofits and Regional Councils	Provides essential rehabilitations in response to damage from Hurricane Matthew and Tropical Storms Julia and Hermine.	Homeowners earning up to 100% of area median income whose homes were affected by the named storms in counties listed in the Disaster Recovery Act of 2016.	Assistance offered through local government or nonprofit partners. Provides interest-free, deferred loans to eligible homeowners; partners receive at least \$150,000 each, with the option to apply again once funds are spent and may use up to \$40,000 per home for rehabilitation.
Urgent Repair Program		Local Governments, Nonprofits and Regional Councils	Provides emergency repairs and modifications to address imminent threats to health or safety.	Homeowners, including veterans, earning up to 50% of area median income who are elderly, disabled and/or have other eligible special needs.	Assistance offered through local government or nonprofit partners. Provides interest-free, deferred loans to eligible recipients; partners receive up to \$200,000 each (if they serve two or more counties), \$100,000 each (if they serve one county), or \$50,000 each (if they serve large entitlement cities) and may use up to \$10,000 per homeowner.
Displacement Prevention Partnership		NC Division of Vocational Rehabilitation and Independent Living Offices	Provides repairs and modifications to improve home accessibility for people with mobility issues.	Homeowners with disabilities, including veterans, earning at or below 50% of area median income.	Assistance offered through local Independent Living Rehabilitation Services offices. Provides interest-free, deferred loans to eligible recipients; area offices may use up to \$10,000 per homeowner.
State Home Foreclosure Prevention Project		Homeowners	Provides free counseling and legal services to homeowners facing foreclosure.	Homeowners who have received a 45-day pre-foreclosure notice.	N/A
Housing Credits		Developers	Finances development and substantial rehabilitation of affordable rental housing.	Rental developers eligible per NC's Qualified Allocation Plan to provide housing to households with incomes up to 80% of area median income; 10–20% of all rental apartments are reserved for the Targeting Program**.	Federal Low-Income Housing Tax Credit reduces investors' federal tax liability by up to 9% of eligible project costs each year for 10 years.
Workforce Housing Loan Program		Developers	Provides long-term financing for Housing Credit developments.	Rental developers eligible per NC's Qualified Allocation Plan to provide housing to households with incomes up to 80% of area median income.	30-year balloon loans for a percentage of development costs based on income designations for each county.
Rental Production Program		Developers	Provides long-term financing for Housing Credit developments.	Rental developers eligible per NC's Qualified Allocation Plan to provide housing to households with incomes up to 60% of area median income.	Amortizing or deferred loans, with interest rate of 2% or lower, of up to \$800,000 per project with term up to 20 years.
Integrated Supportive Housing Program**		Developers	Provides long-term financing for developments that set aside up to 20% (not to exceed 10) units for persons with disabilities.	Households earning up to 50% of area median income.	Interest free, amortizing or deferred loans up to \$150,000 per unit, term of 20 years.
Supportive Housing Development Program		Local Governments and Nonprofits	Finances production of emergency and permanent supportive housing for people experiencing homelessness or with unique housing needs.	Households earning up to 50% of area median income.	Interest-free, amortizing or deferred loans up to \$700,000 in rural, non-entitlement areas or \$600,000 in CDBG entitlement areas***, term of 10–30 years.

PROGRAM TYPES



\* Financial assistance amounts and limits are subject to change at any time. Go to [www.HousingBuildsNC.com](http://www.HousingBuildsNC.com) for updates.

\*\* The NC Department of Health and Human Services partners with the Agency in administering this program and refers people with disabilities for the units.

\*\*\*Entitlement cities are those that qualify as entitlement areas per HUD's definition.





# RESEARCH + EDUCATION

## Policy and Research

The Agency tracks housing needs and market conditions, monitors state and national housing research and policy and reports on the impact of affordable housing investments on citizens, communities and the state and local economies.

The Agency also supports the state's 5-Year Consolidated Plan, a housing and community development plan that provides details about the state's housing needs and conditions, identifies resources and establishes one- and five-year investment strategies to meet priority needs. Learn more at [www.nchfa.com/about-us/research-reporting-and-policy](http://www.nchfa.com/about-us/research-reporting-and-policy).

## Education and Training

To ensure that partners are well-versed in our programs, the Agency offers extensive education and training opportunities:

**The Housing Tax Credit Compliance Training Program** includes Compliance 101 to teach compliance basics and Advanced Compliance to inform on more complex topics.

**The Supportive Housing Compliance Training Program** explains eligibility, maintaining compliance and maintaining the condition of the property.

**Fair Housing and Reasonable Accommodation Training** is offered for rental owners and managers and community service providers.

**Lender and real estate agent trainings** are offered statewide on the NC Home Advantage Mortgage™ and its down payment assistance products as well as on the NC Home Advantage Tax Credit. Real estate agents who take these courses earn CE credits and are listed as preferred agents on the Agency website. Participating lenders, who are approved by our Agency, are able to stay up to date on program changes with the trainings.

More information on these classes can be found at [www.nchfa.com/events](http://www.nchfa.com/events).

A 13-member **Board of Directors** oversees the NC Housing Finance Agency, which was created by the General Assembly in 1973. The Governor, the Speaker of the NC House of Representatives and the President Pro Tempore of the NC Senate each appoint four members, who in turn elect the 13th.

The **NC Housing Partnership** sets policy for the use of the NC Housing Trust Fund, created by the General Assembly in 1987. Members are appointed by the Speaker of the NC House of Representatives and the President Pro Tempore of the NC Senate. The Agency administers the Housing Trust Fund.



The **NC Affordable Housing Conference** is held each fall by the NC Housing Finance Agency in partnership with Centrant Community Capital and the NC Housing Coalition. North Carolina's premier affordable housing conference, this event hosts more than 1,000 housing professionals.

Learn more at: [www.NCHousingConference.com](http://www.NCHousingConference.com).



Adam Abram, Chair  
Scott Farmer, Executive Director



[www.HousingBuildsNC.com](http://www.HousingBuildsNC.com)  
1-800-393-0988 or 919-877-5700

*A self-supporting public agency.*

NORTH CAROLINA

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